

BUSINESS GUIDE

4 Steps to Strategically Reducing Expenses Using AI Analytics

Free up more resources for value creation and profits



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Read Time: 4 minutes

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Cost optimization has become a focal point for many companies in the past few years as they look to stay competitive and resilient while dealing with tightening customer budgets and more stringent access to capital. This strategic practice focuses on reducing inefficiency throughout the value chain to free up funds for investments that drive greater customer value and profits.

While CFOs obviously play a key role in implementing a cost optimization strategy, they must collaborate with other stakeholders across the business to align department budgets with this strategy. As they embark on this initiative to strategically trim costs, a data analytics application can be a major asset. Specifically, an advanced analytics solution that leverages AI to sift through vast collections of data to pinpoint opportunities for improvement and generate predictions to inform forward-looking decisions is particularly valuable.

This guide shares four steps to improving visibility into what's driving your costs and how to lower them, highlighting how AI-powered analytics can help you make better decisions on where, when, and how to cut costs.

“With NetSuite Analytics Warehouse, we have been able to consolidate all sources of data into a single repository and it helps us analyze and glean actionable information while saving time and eliminating manual tasks.”

Daniel Roath, IT Manager, Features

1. Build a Foundation of Trustworthy and Accessible Data

Businesses are rapidly adopting AI technologies because they open the door to new and unique insights in mission-critical areas such as cash flow and demand planning. As valuable as these outputs can be, they're only as good as the underlying data. That's why you should start with data governance, ensuring you have the foundation of accurate and up-to-date information from across key functions that you can plug into a data warehouse and analytics system. The good news is you can apply these same powerful technologies to your data sources to help increase the quality of that data.

A cloud data warehouse with AI capabilities can cut through departmental silos and legacy systems that may not be connected to the rest of your tech stack to collect, cleanse, standardize, validate, and organize data from diverse sources, whether on-premises or in the cloud. In addition to centralizing data and managing data flows, a cloud data warehouse can offer improved security and credentialing with multifactor authentication, single sign-on, and role-based permissions. This means your workforce has ready access to the current, consistent, and complete data relevant to their roles.

When accurate and relevant data is accessible to stakeholders across your business, they're more likely to use it and gain value from it, which helps you operate more efficiently and lower costs. This can also help your company realize cost efficiencies by increasing automations and reducing—perhaps eventually eliminating—legacy and redundant departmental analytics solutions. Additionally, this frees up IT budgets and professionals to deliver other innovations they're under pressure to deliver, including generative AI.

2. Actively Monitor and React With Real Time Dashboards and KPIs

Once businesses have reliable data, they need tools that let them see real-time developments across the business in one place. This is where monitoring key metrics with spreadsheets and point solutions often falls short. Without access to up-to-date data from across the business, it can be difficult to assess, for example, if a spike in inventory carrying costs is the result of a one-time logistics disruption or a prescient indicator of a shift in customer demand.

This is where dashboards with key metrics and charts based on complete data—including from those legacy systems—in a single cloud system shine. As you look for ways to reduce costs, you can track KPIs around cash flow, gross margins, SG&A, and other expenses for a quick pulse check on the financial health of your business. These real-time metrics help leaders across the business make more informed decisions. The system can even send out alerts if a number falls below



a certain threshold so you can quickly pinpoint areas of cost overrun or process inefficiency that are hurting performance.

These metrics are even more valuable if your software can present them visually and accompany them with contextual insights on what's driving the numbers, as that facilitates rapid comprehension and spurs timely action. The ability to actively monitor and act upon cost optimization opportunities across your business in real time helps reduce risk and is critical to staying competitive.

3. Uncover Deeper Insights, Faster, With AI

Quick-fix budget cuts for short-term profit gains can hurt a business in the long term. For example, imagine canceling orders for a slow-moving product, only to later discover after analyzing customer feedback data that it would have been a great match for a new customer segment. But this can be very difficult to foresee; that's where analytics software with embedded AI can provide a major boost.

AI supercharges these applications by automatically identifying complex data patterns and culling contextual insights and predictions via advanced algorithms and models that can analyze a high volume of complex and unstructured data. AI can also suggest which data sources to select and connect to create the consolidated reports management wants and even the best types of visualizations for the data you're assessing.

All of this can deepen your understanding of what's driving your bottom line and help you make informed financial decisions with less risk from manual analysis, bias, and poor judgement. That includes uncovering profitability drivers, improving use of working capital, better controlling expenses, and more accurately predicting returns on investment and growth opportunities. It can also reveal relationships between data you might not have otherwise considered, such as how gradual increases in cost of goods sold from your top two vendors is pulling down your profitability.

Certain systems expand on these capabilities with generative AI. They can use generative AI to draft narratives that explain report findings and insights to share with your team. Generative AI chatbots can answer natural language questions with the data and findings you need. For example, your AR analyst could ask the assistant "Which customers are most likely to pay their bill late this month?" and receive a written answer along with an accompanying chart. That analyst can then take proactive measures with collections and schedule future payables based on the expected impact on cash flow.

"Ecommerce marketplaces are extremely competitive environments, and it can be difficult for merchants to stand out and create brand loyalty. With predictive insights on customer churn, NetSuite helps us understand customer demand for specific product lines and forecast which new products will likely drive continued growth."

**Mark Chuberka, Senior NetSuite Administrator,
BirdRock Home**

Access to these AI-based analytics is no longer limited to companies with enterprise-sized budgets and no longer requires data scientists. It's been simplified for nontechnical members of your staff and packaged at a price reasonable for small and medium-sized businesses. And nontechnical employees can realize the power of predictive analytics with tools that use AI to address common use cases.

4. Practice Continuous Cost Improvements for Long-Term Success

Cost optimization is not a periodic exercise. The real value comes when executives make a long-term commitment to following the numbers to determine where they can reduce inefficiency, increase spend to capitalize on opportunities, and grow profits. This approach will eventually become embedded in your business's culture, with employees educated on how to use these tools and evaluate the numbers and encouraged to constantly share ideas they uncovered on cutting costs or making better use of available resources. They are rewarded for finding ways to reduce waste while still providing exceptional service to customers.

Trustworthy, user-friendly data analytics that leverage AI help put cost optimization into daily practice. CFOs, tasked with increasingly wide-ranging and strategic responsibilities, can gain the holistic insights they need to spot potential new sources of value, quickly course correct, and build resiliency for future economic storms. These tools empower other leaders and employees to do their jobs better as they can continuously monitor performance with dashboards and take action or provide clear recommendations to decision-makers. They will only become more empowered as AI tools increasingly become embedded across the workplace.

How do you know when you're on the right path? One way is to listen to your customers. Measure the importance they place today on your product and service to their business success or their ability to do their daily jobs. You could run sentiment analysis using natural language processing on customer feedback data and social media channels for predictive insights. If it receives high ratings or the ratings move in the right direction over time, that's a good indicator you're channeling appropriate resources to the right places to build a loyal customer base that will promote your company's long-term success.

Empower Your Workforce With NetSuite Analytics Warehouse

Organizations across industries, from startups to enterprises, run their business on NetSuite and find tremendous value in the reporting and analytics capabilities of an ERP system that centralizes all critical business data in one place. When they need deeper insights steeped in data from not just NetSuite but other key operating systems, many businesses turn to NetSuite Analytics Warehouse.

NetSuite Analytics Warehouse simplifies data management by centralizing access to data from NetSuite, historical, and third-party sources using prebuilt connectors and data models that make it easier to get up and running and speed adoption. This system provides a single view of business performance across departments with configurable dashboards, consolidated reports that auto-refresh, and ad hoc visualizations that bring focus to what matters, empowering everyone from front-line workers to the C-suite to make decisions based on the latest data.

AI capabilities in NetSuite Analytics Warehouse automatically provide insights into hidden patterns, correlations, and anomalies from vast amounts of business data and can answer user questions through narratives and visualizations. Out-of-the-box predictive AI models in NetSuite Analytics Warehouse are built for specific use cases including customer churn, price optimization, and inventory stockouts, and organizations can customize models for other business cases.

[NetSuite Analytics Warehouse](#) accelerates the path to trusted insights across the business. The result? Decision-making and a cultural shift that helps improve operational efficiency, gives you a better understanding of customers, and ultimately helps your organization innovate and grow faster.

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